

Filed for intro on 02/02/95  
House Bill \_\_\_\_\_  
By \_\_\_\_\_

Senate No. SB1370  
By Gilbert

AN ACT to amend Tennessee Code Annotated, Title 2, Chapter 10, and Title 3, Chapter 6, relative to campaign contribution limits for state and local public officials, expanded reporting requirements, prohibitions on certain cash contributions and expenditures, and fundraising restrictions on members of and candidates for the general assembly.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Sections 2 through 10 of this act shall be known and may be cited as "The Campaign Finance Reform Act of 1995".

SECTION 2. Tennessee Code Annotated, Title 2, Chapter 10, is amended by adding the following as a new part 3:

Section 2-10-301.

(a) This part shall be known and may be cited as the "Campaign Contribution Limits Act of 1995."

(b) The registry of election finance shall have the jurisdiction to administer and enforce the provisions of this part.

Section 2-10-302.

(a) No person shall make contributions to any candidate with respect to any election for state or local public office which, in the aggregate, exceed one thousand dollars (\$1,000) per election.

(b) No multicandidate political campaign committee shall make contributions to any candidate with respect to any election for state or local public office which, in the aggregate, exceed five thousand dollars (\$5,000) per election.

(c) For the purposes of this act, primary elections and general elections are separate elections.

Section 2-10-303. For purposes of the limitations contained in this part:

(a) Contributions made to any political campaign committee authorized by a candidate to accept contributions on the candidate's behalf shall be considered to be contributions made to such candidate;

(b) Contributions made by a political campaign committee authorized by a candidate to make expenditures on the candidate's behalf shall be considered contributions made by such candidate;

(c) All contributions made by a person or a committee, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. The intermediary or conduit shall report the original source and the intended recipient of such contribution to the registry of election finance and to the intended recipient;

(d) All contributions made by affiliated political campaign committees shall be considered to have been made by a single committee; and

(e) Expenditures made by any person or committee in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate, the candidate's political campaign committees, or their agents, shall be considered to

be a contribution to such candidate. For purposes of this subsection, the financing by any person or committee of the dissemination, distribution, or republication, in whole or in part, of any broadcast or any written, graphic, or other form of campaign materials prepared by the candidate, the candidate's political campaign committees, or their authorized agents shall be considered to be an expenditure.

Section 2-10-304.

(a) The limitations contained in this part shall not apply to any loan of money by a financial institution as defined in Section 45-10-102(3) that:

(1) Is made in accordance with applicable law and in the ordinary course of business;

(2) Is made on a basis reasonably designed to assure repayment, evidenced by a written instrument, and subject to a payment due date or amortization schedule; and

(3) Bears the usual and customary interest rate of the lending institution.

(b) An endorsement or guaranty of a loan made pursuant to subsection (a) shall be considered a contribution in the amount of the endorsement or guaranty and shall be subject to the limitations contained in this part. Where the written instrument does not specify the portion of the loan for which the endorser or guarantor is liable, each endorser or guarantor shall be considered to have made a contribution in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors.

Section 2-10-305. The limits contained in this part shall not apply to:

(a) The retention of funds by a candidate pursuant to Section 2-10-114(a)(1); or

(b) The transfer of funds by a candidate pursuant to Section 2-10-114(a)(1) to a campaign fund of the same candidate for election to a different state or local public office.

Section 2-10-306.

(a) All contributions made by political campaign committees controlled by a political party on the national, state, or local level or by a caucus of such political party established by members of either house of the general assembly shall be considered to have been made by a single committee. Such contributions shall not, in the aggregate, exceed:

(1) Two hundred thousand dollars (\$200,000) to any candidate in a statewide election;

(2) Fifteen thousand dollars (\$15,000) to any candidate for the state senate;

(3) Five thousand dollars (\$5,000) to any candidate for the house of representatives or any other candidate for state or local public office.

(b) For purposes of this section contributions shall not include:

(1) Payment of the costs of preparation, display or mailing or other distribution with respect to printed slate cards, sample ballots, or other printed listings of three (3) or more candidates who are opposed for election. This exemption shall not apply to costs incurred with respect to the preparation and display of listings made on broadcasting stations or in newspapers, magazines and similar types of general public political advertising such as billboards;

(2) Payment of the costs of voter registration and get-out-the-vote activities conducted by party committees, unless the payments are made on behalf of a clearly identified candidate and the payment can be directly attributed to that candidate;

(3) Expenditures for rent, personnel, overhead, general administrative, fundraising, and other day-to-day costs of party committees, unless the expenditures are made on behalf of a clearly identified candidate and the expenditure can be directly attributed to that candidate; or

(4) Expenditures for education campaign seminars and for training of campaign workers, unless the expenditures are made on behalf of a clearly identified candidate and the expenditure can be directly attributed to that candidate.

Section 2-10-307.

(a) No candidate or political campaign committee shall accept any contribution or make any expenditure in violation of the provisions of this part. No officer or employee of a political campaign committee shall accept a contribution made for the benefit or use of a candidate, or make any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures under this section.

(b) A contribution made or accepted in excess of the limitations established by this part shall not be a violation of this part if the candidate or the political campaign committee returns or refunds the contribution to the person who made the contribution within ten (10) business days of the candidate's or committee's receipt of the contribution.

Section 2-10-308.

(a) A candidate or political campaign committee shall pay to the registry of election finance an amount equal to any contribution made in violation of this part. Such amount shall be considered a civil penalty. In addition, the registry of election finance may impose an additional civil penalty for a violation of this part of not more than ten thousand dollars (\$10,000) or fifteen percent (15%) of the

amount of all contributions made or accepted in excess of the limitations established by this part, whichever is greater.

(b) Penalties imposed under this part shall be deposited into the state general fund.

(c) To request a waiver, reduction or to in any way contest a penalty imposed by the registry, a candidate shall file a petition with the registry. Such petition may be considered as a contested case proceeding under the Uniform Administrative Procedures Act, compiled in Title 4, Chapter 5.

(d) If a civil penalty lawfully assessed against a candidate for a violation of this part is not paid within thirty (30) days after the assessment becomes final, the candidate shall be ineligible to qualify for election to any state or local public office until such civil penalty is paid.

Section 2-10-309. In determining issues arising in regard to this act, the registry may rely on the precedents established under federal law.

SECTION 3. Tennessee Code Annotated, Section 2-10-102, is amended by deleting the fifth word in the section, "part", and substituting in its place the word "chapter".

SECTION 4. Tennessee Code Annotated, Section 2-10-102, is amended by adding the following new subdivision to be appropriately designated:

( ) "Affiliated political campaign committees" means political campaign committees established, financed, maintained, or controlled by any corporation, labor organization, or any other person, including any parent, subsidiary, branch, division, department, or local unit of such corporation, labor organization, or any other person, or by any group of such persons. Affiliated political campaign committees shall include all of the committees established, financed, maintained or controlled by:

(A) A single corporation and/or its subsidiaries;

(B) A single national or international union and/or its local unions or other subordinate organizations;

(C) An organization of national or international unions and/or all its state and local central bodies;

(D) A membership organization, other than political party committees, including trade or professional associations and/or related state and local entities of that organization or group; or

(E) The same person or group of persons.

SECTION 5. Tennessee Code Annotated, Section 2-10-205, is amended by deleting the word "and" at the end of subsection (2), by deleting the period at the end of subsection (3) and substituting in its place the punctuation and word "; and", and by adding the following as a new subsection:

(4) The "Campaign Contribution Limits Law," compiled in part 3 of this chapter.

SECTION 6. Tennessee Code Annotated, Section 2-10-207(7), is amended by deleting the word "and" between the words "chapter 6" and the word "the" and by adding between the words "part 5" and the semicolon the words "and the Campaign Contribution Limits Act, compiled in part 3 of this chapter".

SECTION 7. Tennessee Code Annotated, Section 2-10-107(a)(2)(A), is amended by deleting subdivision (i) and by substituting instead the following:

The statement shall list the full name, complete mailing address, occupation, and employer of each person who contributed a total amount of more than one hundred dollars (\$100) during the period for which the statement is submitted, and the amount contributed by that person; and

SECTION 8. Tennessee Code Annotated, Title 2, Chapter 10, Part 1, is amended by adding the following new section:

(a) No person shall make cash contributions to any candidate with respect to any election for state or local public office which, in the aggregate, exceed one hundred dollars (\$100) per election.

(b) No multicandidate political campaign committee shall make cash contributions to any candidate with respect to any election for state or local public office which, in the aggregate, exceed one hundred dollars (\$100) per election.

(c) No candidate or candidate's campaign committee may make single cash expenditures of more than fifty dollars (\$50).

(d) A violation of this section is punishable as provided in Section 2-10-308 of this act.

SECTION 9. Tennessee Code Annotated, Title 2, Chapter 10, Part 1, is amended by adding the following new section:

(a) A member of the general assembly or candidate for the general assembly may only solicit or accept a campaign contribution or a promise or pledge to make a contribution during a nineteen (19) month period beginning June 1 of the year before the election through December 31 of the election year. Provided, however, a member of the general assembly shall not solicit or accept contributions or a promise or a pledge to make a contribution from January 1 of the election year through June 1 of the election year or two (2) days after the conclusion of the regular annual legislative session, whichever is earlier.

(b) A violation of this section is punishable as provided in Section 2-10-308 of this act.

SECTION 10. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 11. This act shall take effect July 1, 1995, the public welfare requiring it and shall apply only to contributions made to candidates or their political campaign committees on or after July 1, 1995.



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